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Testimony Before the Appropriations Committee
In Support of S.B. 246, AAC A Commission on Federal Stimulus Distribution
And S.B. 1, AAC Economic Security for Connecticut Families
Submitted by Jim Horan, Executive Director
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March 20, 2009

Good afternoon, Senator Harp, Representative Geragosian, and members of the Appropriations Committee. I am Jim Horan, Executive Director of the Connecticut for Human Services (CAHS), a statewide nonprofit advocacy organization that works to reduce poverty and promote family economic security. I am here in support of two bills before you, S.B. 246, AAC A Commission on Federal Stimulus Distribution, and S.B. 1, AAC Economic Security for Connecticut Families.

In the midst of the economic downturn, the **American Recovery and Reinvestment Act of 2009 provides a tremendous opportunity to reinvigorate our economy**. CAHS applauds the effort to create a bipartisan distribution commission. Since the federal stimulus act ensures a strong role for the Governor, the proposed commission in one way to ensure that the General Assembly will be engaged in the distribution of funds. A commission can help ensure that new federal resources rebuild economic security for working families, and that the benefits of the economic recovery are shared broadly, particularly by those most in need.

Attached to my testimony are **"Principles for State Implementation of the American Recovery and Reinvestment Act."** The national Working Poor Families Project, of which CAHS is a part, developed these principles, which are endorsed by 20 national advocacy organizations. We urge legislators to follow these principles in using the funds, and to consider incorporating them into S.B. 246. There are two basic principles:

- **Make investments that stabilize the economy, promote growth, and benefit those hurt most by the recession.**
    - Make it a priority to create family-supporting jobs.
    - Use resources to build worker skills and link training to job creation efforts.
    - Invest in distressed communities.
    - Maximize resources to benefit workers and their families.
- **Assure that funds are spent in an open and accountable manner that maximizes benefits.**
    - Allocate resource based on goals and standards through transparent processes.
    - Maintain public accountability.
    - Align public systems and resources to achieve optimal impact.

CAHS is pleased that Gov. Rell welcomes the stimulus funding, unlike some of her colleagues. Following these principles will help ensure that these resources spark economic recovery and opportunity for all Connecticut residents.

S.B. 246 is before you at the same time as S.B. 1, Senator Williams' **Act Concerning Economic Security for Connecticut Families**. Given the economic downturn and the state budget deficit, it is clear that one of the most effective things the General Assembly and Governor can do this year to promote the economic security of our state's families is to **implement the federal stimulus resources effectively, transparently, and with accountability**.

This fiscal crisis is hurting Connecticut families, and presents an opportunity to think boldly and make needed structural changes that invest in our economy and families. Also attached to my testimony is **CAHS' policy agenda for 2009**. For six years, CAHS has worked under the umbrella of "family economic security," and our work as an organization is built around policies and programs that help Connecticut build a vibrant workforce, a thriving economy, and strong families.

- In these tough economic times, the General Assembly needs to **create a stable revenue system to sustain investments**. The Appropriations Committee should work with the Finance Committee to ensure that there is adequate revenue to minimize damaging cuts to essential services to families and communities.
- Your actions can also help increase family income and savings, by creating a **state Earned Income Tax Credit (EITC)**, promoting **free tax preparation** and access to the federal EITC, and creating a **health care system that is universal, accessible, affordable, and sustainable,** like the SustiNet proposal.
- The General Assembly can build family economic security by strengthening work supports, including **improving quality and increasing access to the Care4Kids child care program,** and **increasing access to and delivery of public benefits** through electronic applications and one-stop "financial resource centers," based on a model at Co-opportunity in Hartford.
- Prepare people for good jobs, by **aligning Connecticut's job creation efforts in health care, construction, manufacturing, and green technologies with training opportunities in our state colleges, community agencies, and union halls.** Training and education for Connecticut's adults must be a fundamental part of our plan for the state's economic recovery.

That's a lot for one bill, but CAHS hopes that the Appropriations Committee will fill in the blanks of S.B. 1 with real and sorely-needed policies and programs that build family economic security.

You've got a tough job, especially this year. Thank you for your work, and for the opportunity to testify today.

Principles for State Implementation of the American Recovery and Reinvestment Act

The American Recovery and Reinvestment Act of 2009 aims to reinvigorate the national economy through a range of public investments, tax changes, and policy innovations. Used carefully, these resources can spark economic recovery, renew opportunity, and rebuild security for working families. With the recession deepening, states need to bolster job creation and incomes to help the economy rebound. As the long-term provisions of the package are implemented, it is critically important that state policymakers do all they can to ensure that the benefits of the economic recovery will be shared broadly, particularly by those people most in need. And policymakers should be vigilant in ensuring that all funds are spent effectively, transparently, and with accountability.

About These Principles

The Working Poor Families Project has developed this set of Principles for State Implementation to guide state policymakers as they allocate funds from the American Recovery and Reinvestment Act. The following national organizations have endorsed these principles:

Center for Community Change
Center for Law and Social Policy
Center for State Innovation
CFED
Coalition on Human Needs
Community Action Partnership
Corporation for a Skilled Workforce
Council for Adult and Experiential Learning
Economic Analysis and Research Network
Economic Mobility Corporation
Economic Policy Institute
Gamaliel Foundation
Half in Ten
Jobs for the Future
National Employment Law Project
OMB Watch
Progressive States Network
Transportation Equity Network
Wider Opportunities for Women
Workforce Strategy Center

As state policymakers seek to use these public funds to improve the state's economy as quickly as possible, all investments should be guided by these key principles:

Make investments that stabilize the economy, promote growth, and benefit those hurt most by the recession.

Low-income families and unemployed workers are especially vulnerable during the current economic downturn. Creating new economic and education opportunities for them should be a key state goal. Research has shown that providing increased support and income to low-income people is one of the most effective and quickest ways of expanding economic activity. Policymakers should:

- Make it a priority to create family-supporting jobs.
- Use resources to build worker skills and link training to job-creation efforts.
- Invest in distressed communities.
- Maximize resources to benefit workers and their families.

Assure that funds are spent in an open and accountable manner that maximizes benefits.

The Recovery Act calls for strong oversight and transparency of spending. To meet that goal, state and local policymakers should:

- Allocate resources based on goals and standards through transparent processes.
- Maintain public accountability.
- Align public systems and resources to achieve optimal impact.

1. Make it a priority to create family-supporting jobs.

Recovery spending must focus on creating the maximum number of high-quality jobs—those that pay wages that can support a family, provide vital benefits such as health care and paid leave, and offer worker-friendly practices. States can use family, living, or prevailing wage standards to identify a family-supporting job. Creating such jobs will require a commitment. A recent report from *Good Jobs First* found that low wages are not uncommon in renewable energy manufacturing, green construction, and recycling jobs[1], areas where significant federal funds will be spent. The standard of using prevailing wages, which address hourly wages, benefits, and overtime pay, as a benchmark can apply to many infrastructure jobs generated by the federal recovery package. States also need to ensure that the jobs created with Recovery Act funds are available to workers with low skills and low incomes as well as women and members of minority groups. This can be done by giving preference to projects that allocate a portion of their contract funds to training and jobs for these populations.

2. Use resources to build worker skills and link training to job-creation efforts.

The recession has not hit all employment sectors and workers equally. While the national unemployment rate rose to 7.6 percent in January 2009, it is much higher in some states and among certain segments of the population. Low-skill workers continue to have significantly higher unemployment rates. Workers with no more than a high school diploma are twice as likely to be unemployed as are those with a bachelor's degree, and workers with less than a high school credential are more than three times as likely to be unemployed as are those with a bachelor's degree. States should allocate new education and training funds to prepare adults with low skills and poor literacy, as well as disconnected youth, to move into jobs that lead to career advancement. States should support career pathway, pre-apprenticeship, apprenticeship, and work-study programs that help workers obtain the necessary credentials and experience to gain middle-skill[2] jobs in high-demand sectors such as construction, health care, technology, and "green" industries. Fast-track education and training programs should be linked to the good new jobs that are part of economic recovery. All training programs should provide adequate work stipends and supportive services such as child care.

3. Invest in distressed communities.

Many communities—in urban, rural, and older suburban areas alike—have experienced distress and disinvestment and now suffer from high rates of unemployment, housing foreclosures, and business closings. States should ensure that a portion of recovery funds is used for projects in distressed communities. Residents of those communities should be assured a portion of the jobs created through infrastructure projects (including funding through transportation, energy efficiency, renewable energy, clean water, and broadband access) and should be included in training opportunities.

4. Maximize resources to benefit workers and their families.

Unemployment continues to be a critical challenge, with hundreds of thousands of additional workers losing their jobs each month. The recovery package gives states the opportunity to use federal funds to address a variety of worker and family needs, and states must take advantage of these opportunities. The Recovery Act offers states incentive funds to modernize states' unemployment insurance systems and provide benefits to an expanded pool of workers (such as part-time workers).[3] The Act also provides additional funds to states that expand assistance, short-term benefits, or subsidized employment. Economists have found that putting additional money into the hands of unemployed and low-income families will boost a state's economy. In addition, the Recovery Act gives states resources to benefit low-income children and families and allows broader eligibility for some key poverty-alleviation programs. For residents to receive these increased benefits, changes in state laws are needed. States should make these changes to take every advantage of these opportunities to reduce the impact of the recession on workers and their families while at the same time protecting their assets.

States should strengthen outreach activities to ensure that all those qualified know about and receive the benefits for which they are eligible. In particular, states should increase outreach for new and expanded tax credits[4] as well as for programs providing supplemental food, health assistance, child care, and other assistance.

5. Allocate resources based on goals and standards through transparent processes.

States, in consultation with business and other groups, should set specific goals and standards for how recovery funds are spent to ensure that investments achieve the broader goals of recovery and reinvestment. The recovery goals include preserving jobs, creating immediate employment opportunities, and helping those hurt most by the recession. The reinvestment goals include upgrading the education and skills of the workforce, increasing energy efficiency and the use of renewable energy, and spurring technology advances to create new jobs in 21st Century industries and sectors. To assess progress, states should establish performance measures, such as the number of people completing training programs, the number of jobs saved or created, how many hours new hires work, wages and benefits paid, demographics of those hired and trained, on-time performance, and quality of work.

Whenever possible, agencies should offer contracts through a competitive process to increase fairness and choice. States that make exceptions to open competition should identify those awards on state and federal websites and explain why an open competition was not offered. All project selection should be based on an objective scoring process. While an open bidding process is important in awarding public contracts, states must act quickly to meet the requirements of the federal law and to spur job creation. Many state agencies will receive funds 30 days from the bill's signing, and some of those funds must be obligated within three months of receipt. Despite time pressures, states must make both timely expenditures and smart investments.

6. Maintain public accountability.

States and their contractors should report publicly and regularly how they are spending federal funds and the results of that spending. Oversight procedures should be instituted that allow citizens to review and assess the success of investments. States should post searchable databases that track and report spending and progress. This information needs to be easily available and downloadable for detailed research and analysis. Websites created by states should provide comparable data about spending, and should incorporate common standards and definitions so that the information is comparable to and compatible with federal websites (such as Recovery.gov and USASpending.gov). States should track data related to the number and demographics of people hired and trained, the number of hours newly hired employees work, the range of wages paid, benefits, and the number of jobs created or retained. In addition, states should create an online tool and an automated hotline for citizens and government workers to report any misuse of Recovery Act funds.[5]

7. Align public systems and resources to achieve optimal impact.

Recovery and reinvestment funds will flow through myriad existing and new channels. Now more than ever, it is important for state agencies to align and integrate their systems to make them more effective and avoid duplication of services. States must coordinate such projects and services among agencies, different levels of government, and private service providers. To the extent possible, jurisdictions should also coordinate their applications for federal funds to avoid inefficiency.

The ability of projects to succeed will be determined by the availability of contractors to hire an adequately trained workforce. To avoid reinventing the wheel, state agencies and private contractors should use and expand existing education and training programs, many of which can leverage philanthropic funds.

Endnotes

[1] See Good Jobs First's report, *High Road or Low Road, Job Quality in the New Green Economy*, for a list of tools and policy options that can help create good jobs at http://www.goodjobsfirst.org/pdf/gjfgreenjobsrpt.pdf.

[2] The Workforce Alliance has defined middle-skill jobs as those that require more than high school graduation but less than a four-year degree. See http://www.skills2compete.org/atf/cf/{8E9806BF-4669-4217-AF74-26F62108EA68}/ForgottenJobsReport%20Final.pdf for a description and analysis of middle-skill supply and demand.

[3] See the National Employment and Law Project for a full description of the Unemployment Insurance changes and incentives in the ARRA at http://nelp.3cdn.net/dc5068d946ca4ba59a_wxm6bn1ic.pdf .

[4] Expanded tax credits include Earned Income Tax Credit, Child Tax Credit, and American Opportunity Tax Credit.

[5] See OMB Watch's Coalition for an Accountable Recovery for a detailed set of policy recommendations at http://www.ombwatch.org/car.

Connecticut Association for Human Services

CAHS

Our Policy Platform

The **Connecticut Association for Human Services (CAHS)** works to end poverty and to engage, equip, and empower all families in Connecticut to build a secure future.

Connecticut, like the rest of the nation, faces unprecedented fiscal challenges. **We must look at this financial crisis as a moment of opportunity** to think boldly and be innovative. Now is our chance to make needed structural changes and to commit to long-term investments in our economy and families.

CAHS supports policies that help **move families from poverty to prosperity**. By investing in basic needs, financial education, asset building, work supports, job skills and training, early care and education, universal health care, and equitable tax policy, Connecticut can build a vibrant workforce, a thriving economy, and strong families.

Connecticut must **invest in human capital.** Looking out over the next decade, Connecticut's workforce will change substantially and we must prepare people for good jobs that are needed to make our state competitive. Connecticut must also take bold steps to create a **revenue stream** that is adequate, reliable, fair and transparent.

Immediate and longer-term investments are needed to strengthen our working families.

Create a Stable Revenue System to Sustain Investments
Strategies:

→ Restructure the state's revenue stream to ensure it is adequate, reliable, fair, and transparent.

Increase Family Income and Savings
Strategies:

→ Create a health care system that is universal, accessible, affordable, and sustainable.
→ Create a State Earned Income Tax Credit (EITC).
→ Promote free tax-preparation services and access to the federal EITC.

Improve Access to Family and Work Supports
Strategies:

→ Improve the quality and increase access to the Care4Kids child care program.
→ Allow workers paid sick leave.
→ Improve access to and delivery of public benefits.

Prepare People for Good Jobs
Strategies:

→ Invest in education and skills development.
→ Provide financial support, tutoring, and mentoring for adult community college students.
→ Develop green jobs opportunities.

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